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THIRTY-SEVENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
CALDWELL PARISH

*Component Unit Financial Statements
For the Year Ended December 31, 2004*

*And
Independent Auditors' Report*

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-13-05



THIRTY-SEVENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
CALDWELL PARISH

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INDEPENDENT AUDITORS' REPORT

Honorable Judge Don C. Burns
Thirty-Seventh Judicial District Court
Judicial Expense Fund
Caldwell Parish

We have audited the accompanying component unit financial statements of the Thirty-Seventh Judicial District Court, Judicial Expense Fund (a governmental entity) and a component unit of the Caldwell Parish Police Jury, as of and for the year ended December 31, 2004, which collectively comprise the Court's basic financial statements as listed in the table of contents. These component unit financial statements are the responsibility of the Thirty-Seventh Judicial District Court, Judicial Expense Fund's management. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the Thirty-Seventh Judicial District Court, Judicial Expense Fund as of December 31, 2004, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 23, 2005, on our consideration of the Thirty-Seventh Judicial District Court, Judicial Expense Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Cameron, Hines & Hartt (APAC)

West Monroe, Louisiana
March 23, 2005



DON C. BURNS
DISTRICT JUDGE
THIRTY-SEVENTH JUDICIAL DISTRICT
CALDWELL PARISH
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MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Thirty-Seventh Judicial District Court (the Court) provides an overview of the Court's activities for the year ended December 31, 2004. Please read it in conjunction with the Court's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Court as a whole and present a longer-term view of the Court's finances. Fund financial statements tell how governmental activities were financed in the short term as well as what remains for future spending. Fund financial statements also report the Court's operations in more detail than the government-wide statements by also providing information about all the Court governmental funds.

These financial statements consists of three sections: Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and supplementary information.

Reporting the Court as a Whole

The Statement of Net Assets and the Statement of Activities

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Court's net assets and changes in them. The Court's net assets-the difference between assets and liabilities- measure the Court's financial position. The increases or decreases in the Court's net assets are an indicator of whether its financial position is improving or deteriorating. Other non-financial factors, however, such as number of cases handled by District Court as well as the number of judgeships approved by the State Legislature and the State's economic condition should be considered in order to assess the overall condition of the Court.

Currently, the Court has only governmental activities that provide personnel, equipment, supplies, and other cost related to the proper administration of the District Court. Primarily, court costs, fees, and interest income finance these activities.

Reporting the Court's Funds

Fund Financial Statements

The fund financial statements provide detailed information about the Court's funds, not the Court as a whole. In addition to accounting for the court costs and fees and other revenues that finance activities of District Court, the Court also accounts for the appropriations received from the Department of Health and Human Resources, State of Louisiana, related to child support cases. The General Fund, the Child Support Fund, and the Misdemeanor Probation Fund are all governmental funds that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures only cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Court's operations and the services it provides. Governmental fund information helps you determine the amount of financial resources available to be spent in the near future to finance the Court's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and the governmental funds are shown in a reconciliation following the fund financial statements.

THE COURT AS A WHOLE

For the year ended December 31, 2004 and 2003, net assets changes as follows:

| | 2004 |
|-----------------------------------|-----------|
| Beginning net assets | \$ 36,389 |
| Increase (Decrease) in net assets | (8,046) |
| Ending net assets | \$ 28,343 |

This reflects a constant level of government activities for the year. Revenues increased from the Caldwell Parish Sheriff's office by \$6,345. The largest increase was \$14,956 in revenue from Inmates on Probation in the Misdemeanor Probation Fund. The Court also had higher expenses than last year of \$25,557 in accounting, fringe benefits, dues and subscriptions, and other miscellaneous expenses.

Governmental Activities

The Court's assets exceeded its liabilities at the close of the years 2004 by \$28,343. For the calendar year 2004, the net assets decreased by \$8,046 (or 22%) and the Court's revenue increased by \$23,449 (or 23%).

To aid in the understanding of the Statement of Activities some additional explanation is provided. Its format is significantly different than that of the Statement of Revenues, Expenses, and Changes in Fund Balance. The expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net Revenue/(Expense). The reason for this kind of format is to highlight the relative financial burden of each of the governmental functions. It also identifies how much each function draws from the general revenues or if it is self-financing through fees. Court costs and fees reported represent the majority of the revenues for the District Court function.

All other governmental revenues (such as interest) are reported as general.

THE COURT'S FUNDS

The following schedule presents a summary of general and special revenue funds net assets:

| | Net Assets as of | |
|------------------------------------|------------------|------------------|
| | 2004 | 2003 |
| Current and noncurrent assets | \$ 44,352 | \$ 41,430 |
| Current and noncurrent liabilities | <u>16,009</u> | <u>5,041</u> |
| Net Assets: | | |
| Unrestricted | <u>28,343</u> | <u>36,389</u> |
| Total net assets | <u>\$ 28,343</u> | <u>\$ 36,389</u> |

Net assets of the Court decreases by \$ 8,046 (or 22%) from December 31, 2003 to December 31, 2004.

The following schedule presents a summary of general and special revenue funds revenues and expenditures for the year ended December 31, 2004 and the amount and percentage of increases and decreases in relation to the prior year.

| | 2004 | Percent | Increase (Decrease) from 2003 | Percent Increase (Decrease) |
|----------------------|-------------------|-------------|--|-----------------------------------|
| | Amount | of Total | | |
| Revenues: | | | | |
| Intergovernmental | \$ 25,680 | 20% | \$ 204 | 1% |
| Charges for services | 95,700 | 79% | 21,436 | 29% |
| Interest | 519 | 1% | (130) | (20%) |
| Total revenues | <u>\$ 121,899</u> | <u>100%</u> | <u>21,510</u> | <u>21%</u> |

The charges for services increase reflects higher fees collected for the Misdemeanor Probation Program, primarily.

| | 2004 | Percent | Increase (Decrease) from 2003 | Percent Increase (Decrease) |
|----------------|------------|----------|--|-----------------------------------|
| | Amount | of Total | | |
| Expenditures: | | | | |
| District Court | \$ 129,945 | 100% | \$ 23,618 | 22% |

District Court expenditures increased in proportion to revenues during 2004. The increase was due to increases in professional development, office expense, accounting, dues and subscriptions, and other miscellaneous expenses. Also, included in the fund financial statements are transfers from Misdemeanor Probation Fund to the General Fund of \$ 5,015.

CAPITAL ASSETS

The Court had reported no capital assets as of December 31, 2004.

DEBT ADMINISTRATION

The Court had no long term debt as of December 31, 2004.

ECONOMIC FACTORS AND NEXT YEAR'S RATES

Court operations are funded extensively by the Parish of Caldwell. The Court anticipates a flat growth with very little change.

CONTACTING THE THIRTY-SEVENTH DISTRICT COURT'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Court's finances and to demonstrate the Court's accountability for the financial resources it manages. If you have questions about this report or need additional financial information contact the Honorable Judge Don Burns at P. O. Box 2012, Columbia, Louisiana 71418.

Honorable Judge Don C. Burns

GOVERNMENT-WIDE FINANCIAL STATEMENTS

THIRTY-SEVENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
CALDWELL PARISH

STATEMENT OF NET ASSETS
DECEMBER 31, 2004

| <u>ASSETS</u> | <u>Governmental Activities</u> |
|---|------------------------------------|
| Cash and Cash Equivalents | \$ 26,154 |
| Accounts Receivable | <u>13,064</u> |
| <u>TOTAL ASSETS</u> | <u>\$ 39,218</u> |
| <u>LIABILITIES AND NET ASSETS</u> | |
| <u>Liabilities</u> | |
| Accounts Payable | \$ 10,115 |
| Payroll Taxes Payable | <u>760</u> |
| Total Liabilities | <u>10,875</u> |
| <u>Net Assets</u> | |
| Unrestricted | <u>28,343</u> |
| Total Net Assets | <u>28,343</u> |
| <u>TOTAL LIABILITIES AND NET ASSETS</u> | <u>\$ 39,218</u> |

The accompanying notes are an integral part of this financial statement.

THIRTY-SEVENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
CALDWELL PARISH

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004

| | Program Revenues | | | | | |
|---|-------------------|----------------------|------------------------------------|----------------------------------|---|--|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Assets | |
| Functional / Program Activities: | | | | | | |
| Government Activities: | | | | | | |
| Judicial Expense Fund | \$ 33,716 | \$ 28,315 | \$ - | \$ - | \$ (5,401) | |
| Child Support Fund | 27,803 | - | - | - | (27,803) | |
| Misdemeanor Probation Fund | 73,441 | 72,400 | - | - | (1,041) | |
| Total Government Activities | \$ 134,960 | \$ 100,715 | \$ - | \$ - | \$ (34,245) | |
| General Revenues: | | | | | | |
| Intergovernmental | | | | | 25,680 | |
| Interest | | | | | 519 | |
| Total General Revenues | | | | | 26,199 | |
| Changes in Net Assets | | | | | (8,046) | |
| NET ASSETS - BEGINNING | | | | | 36,389 | |
| NET ASSETS - ENDING | | | | | \$ 28,343 | |

The accompanying notes are an integral part of this financial statement.

FUND FINANCIAL STATEMENTS

THIRTY-SEVENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
CALDWELL PARISH

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2004

| | <u>General Fund</u> | <u>Child Support Fund</u> | <u>Misdemeanor Probation Fund</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|-------------------------------|---|---|
| <u>ASSETS</u> | | | | |
| Cash and Cash Equivalents | \$ 19,924 | \$ 5,597 | \$ 633 | \$ 26,154 |
| Receivables | 10,955 | 7,243 | - | 18,198 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Assets | <u>\$ 30,879</u> | <u>\$ 12,840</u> | <u>\$ 633</u> | <u>\$ 44,352</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | |
| Liabilities | | | | |
| Accounts Payable | \$ 5,134 | \$ 10,115 | \$ - | \$ 15,249 |
| Payroll Taxes Payable | 184 | 576 | - | 760 |
| Total Liabilities | <u>5,318</u> | <u>10,691</u> | <u>-</u> | <u>16,009</u> |
| Fund Balances | | | | |
| Unreserved - Reported In: | | | | |
| General Fund | 25,561 | - | - | 25,561 |
| Special Revenue Funds | - | 2,149 | 633 | 2,782 |
| Total Fund Balances | <u>25,561</u> | <u>2,149</u> | <u>633</u> | <u>28,343</u> |
| <u>TOTAL LIABILITIES AND FUND BALANCES</u> | <u>\$ 30,879</u> | <u>\$ 12,840</u> | <u>\$ 633</u> | <u>\$ 44,352</u> |

The accompanying notes are an integral part of this financial statement.

THIRTY-SEVENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
CALDWELL PARISH

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

| | General Fund | Child Support | Misdemeanor Probation Fund | Total Governmental Funds |
|--|-----------------|------------------|----------------------------------|--------------------------------|
| <u>Revenues</u> | | | | |
| State | | | | |
| Intergovernmental Revenues | \$ - | \$ 25,680 | \$ - | \$ 25,680 |
| Local | | | | |
| Caldwell Parish Sheriff | 18,795 | - | - | 18,795 |
| Caldwell Parish Clerk of Court | 4,505 | - | - | 4,505 |
| Caldwell Parish Probation | 5,015 | - | - | 5,015 |
| Interest on Investments | 519 | - | - | 519 |
| Inmates on Probation | - | - | 72,400 | 72,400 |
| Total Revenues | 28,834 | 25,680 | 72,400 | 126,914 |
| <u>Expenditures</u> | | | | |
| Judicial: | | | | |
| Utilities | 675 | - | - | 675 |
| Travel | 1,873 | 1,392 | - | 3,265 |
| Professional Development | 1,155 | - | - | 1,155 |
| Office | 65 | 1,187 | 25 | 1,277 |
| Accounting and Auditing | 6,898 | - | - | 6,898 |
| Legal Expense | 240 | - | - | 240 |
| Salaries and Professional Fees | 4,800 | 8,000 | 3,379 | 16,179 |
| Fringe Benefits | 9,838 | 16,472 | - | 26,310 |
| Supplies | 713 | - | - | 713 |
| Dues and Subscriptions | 965 | 248 | - | 1,213 |
| Other Misc. Expense | 6,494 | 504 | 12,799 | 19,797 |
| Transfer to: | | | | |
| Caldwell Parish Tax Collector | - | - | 38,636 | 38,636 |
| 37th Judicial District Court Expense | - | - | 5,015 | 5,015 |
| Caldwell Parish Sheriff | - | - | 3,344 | 3,344 |
| Probation Officer Salary | - | - | 10,243 | 10,243 |
| Total Expenditures | 33,716 | 27,803 | 73,441 | 134,960 |
| <u>Excess (Deficiency) of Revenues</u> | | | | |
| Over Expenditures | (4,882) | (2,123) | (1,041) | (8,046) |
| <u>Fund Balance at Beginning of Year</u> | 30,443 | 4,272 | 1,674 | 36,389 |
| <u>FUND BALANCE AT END OF YEAR</u> | \$ 25,561 | \$ 2,149 | \$ 633 | \$ 28,343 |

The accompanying notes are an integral part of this financial statement.

THIRTY-SEVENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
CALDWELL PARISH

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

Note 1 - Historical Background

The Judicial Expense Fund of the Thirty-Seventh Judicial District Court was established by Act 916 of the 1985 Session of the Louisiana Legislature and began operating in March of 1986. The Judicial Expense Fund is controlled by the Judge of the Thirty-Seventh Judicial District Court and was established and may be used for any purpose connected with, incidentally to, or related to the proper administration or function of the court or the office of the Judge thereof, and in addition to any and all other funds, salaries, expenses or other monies that were or hereafter will be provided, authorized, or established by law for any of the aforesaid purposes. The Judicial Expense Fund's revenues are derived from court costs assessed in civil and criminal cases of the Thirty-Seventh Judicial District Court and are collected by the Sheriff and Clerk of Court. The Special Revenue Funds entitled Child Support and Misdemeanor Probation were established by the Louisiana Legislature in 1994. The Misdemeanor Probation Fund was established by order of the Thirty-Seventh Judicial District Court, the Caldwell Parish Sheriff and the Probation officer for the Parish of Caldwell on July 1, 1997. The Thirty-Seventh Judicial District Court started receiving the funds in June of 1995 and the Misdemeanor Probation Fund started receiving funds from the inmates on probation in July 1997.

Note 2 - Summary of Significant Accounting Policies

A. Basis of Accounting

The Judicial Expense Fund complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Government Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this note. For the fiscal year ended June 30, 2003, the Judicial Expense Fund has adopted the new financial reporting requirements of GASB Statement Nos. 33 and 34. As a result, an entirely new financial presentation format has been implemented.

B. Reporting Entity

The Thirty-Seventh Judicial District Court, Special Revenue Fund (Child Support), authority was created by the Louisiana Legislature in 1994, and began receiving funds in June of 1995. The purpose of the fund is to provide an expedited process for establishment and enforcement of support obligations which are brought by the Department of Health and Human Resources. Revenues are to be expended to administer the proceedings related to the expedited process. The Thirty-Seventh Judicial District Court, Special Revenue Fund (Misdemeanor Probation), authority was created under the Louisiana Code of Criminal Procedure Article 895.1C. The Thirty-Seventh Judicial District Court issued an order signed en banc July 1, 1997 implementing this process. The purpose of this fund is to provide misdemeanor probation services by collecting monthly fines for establishment and enforcement of the probationary period. Revenues are to be expended to administer the proceedings related to the probation process.

THIRTY-SEVENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
CALDWELL PARISH

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

Note 2 - Summary of Significant Accounting Policies (Continued)

B. Reporting Entity (Continued)

The accounting and reporting policies of the Thirty-Seventh Judicial District Court, Judicial Expense Fund conform to accounting principles generally accepted in the United States of America as applicable to governments. Such accounting and reporting procedures also conform to the requirements of *Louisiana Municipal Audit and Accounting Guide*, the industry audit guide, *Audits of State and Local Governmental Units; Standards for Audit of Governmental Organizations, Programs, Activities, and Functions*, and/or, where applicable, Public Law 98-502, the Single Audit Act of 1996, and OMB Circular A-133.

For financial reporting purposes, in conformity with the Governmental Accounting Standards Board (GASB), the Judicial Expense Fund and Child Support is a part of the Thirty-Seventh Judicial District Court, a component of the Caldwell Parish Police Jury judicial system. The financial reporting entity consists of (a) the primary government (Caldwell Parish Police Jury), (b) organization of which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Caldwell Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability.

This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Caldwell Parish Police Jury to impose its will on that organization and /or
 - b. The potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Caldwell Parish Police Jury.
2. Organizations for which the Caldwell Parish Policy Jury does not appoint a voting majority but are fiscally dependent on the Caldwell Parish Police Jury.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

THIRTY-SEVENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
CALDWELL PARISH

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

Note 2 - Summary of Significant Accounting Policies (Continued)

B. Reporting Entity (Continued)

Because the Caldwell Parish Police Jury provides for the operation and maintenance of the courtroom and office space of the Judges in its parish courthouse, the Thirty-Seventh Judicial District Court was determined to be a component unit of the Caldwell Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Thirty-Seventh Judicial District Court and do not present information on the Caldwell Parish Police Jury, the general government services provided by that governmental unit or the other governmental units that comprise the financial reporting entity.

C. Basis of Presentation

In June 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the presentation of its funds financial information include, for the first time a Management Discussion and Analysis (MD & A) section providing an analysis of the Judicial Expense Fund's overall financial position and results of operations and financial statements prepared using full accrual accounting for all Judicial Expense Fund's activities. These and other changes are reflected in the accompanying financial statements including the notes to the financial statements. The Judicial Expense Fund has elected to implement the general provisions of the Statement in the current year.

D. Basic Financial Statements

Government-wide financial statements – The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

Fund financial statements – The financial transactions of the Judicial Expense Fund are reported in individual funds in the fund financial statements. Each fund is accounted for by a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures.

The funds of the Judicial Expense Fund are described as follows:

General Fund – The general fund in the general operating fund and accounts for all activities of the Judicial Expense Fund except those required to be accounted for in another fund.

Special Revenue Fund – Special revenue funds are used to account for specific revenue sources that are legally restricted to expenditures for specified purposes. Included in special revenue funds are the Child Support Fund and Court Services Fund, which includes Misdemeanor Probation.

THIRTY-SEVENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
CALDWELL PARISH

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

Note 2 - Summary of Significant Accounting Policies (Continued)

E. Basic Financial Statements (Continued)

This report includes funds which are controlled by the Thirty-Seventh Judicial District Court but determined to be a component unit of the Caldwell Parish Police Jury. The Caldwell Parish Police Jury has significant control over the Judicial Expense Fund in the area of necessary capital outlay. The Caldwell Parish Police Jury would present this component unit in a discreet presentation format if it were included in their financial statements. The funds are administered by the Court Administrator.

F. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of measurement focus applied.

Measurement Focus – The government-wide financial statements are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, and financial position. All assets and liabilities (whether current or non-current) associated with their activities are reported. All governmental funds utilize a current financial resources measurement focus in the fund financial statements. Only current assets and liabilities are generally included on the balance sheet. Operating statements present sources and uses of available spendable financial resources during a given period. The fund balance is the measure of available spendable financial resources at the end of the period.

Basis of Accounting – The government-wide financial statements are presented using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred or economic assets are used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Revenues are recognized when "measurable and available". Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

G. Budgets and Budgetary Accounting

The Thirty-Seventh Judicial District Court is not required to prepare an annual budget for its General Fund because the judiciary is not included within the definition of a "political subdivision" covered by the Louisiana Government Budget Act.

THIRTY-SEVENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
CALDWELL PARISH

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

Note 2 - Summary of Significant Accounting Policies (Continued)

H. Cash and Cash Equivalents

Cash includes amounts in non-interest bearing demand deposits and an interest-bearing certificate of deposit. The Judge considers the certificate of deposit as well as highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents. Under state law, the Judge may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

I. Vacation and Sick Leave

Employees of the Judicial Expense Fund at this time are paid by the Caldwell Parish Police Jury and are covered under the police jury's vacation and sick leave policies.

J. Use of Estimates

The preparation of the component unit financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 - Cash and Cash Equivalents

At December 31, 2004, the Thirty-Seventh Judicial District Court has cash and cash equivalents (book balances) totaling \$26,154 as follows:

| | <u>Total</u> | <u>Judicial Expense Fund</u> | <u>Child Support Fund</u> | <u>Misdemeanor Probation Fund</u> |
|------------------------|------------------|--------------------------------------|-----------------------------------|---|
| Demand Deposits | \$ 9,624 | \$ 3,394 | \$ 5,597 | \$ 633 |
| Certificate of Deposit | <u>16,530</u> | <u>16,530</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 26,154</u> | <u>\$ 19,924</u> | <u>\$ 5,597</u> | <u>\$ 633</u> |

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposits insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2004, the Court had \$31,562 in deposits (collected bank balances). These deposits are fully insured by the federal deposit insurance.

THIRTY-SEVENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
CALDWELL PARISH

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

Note 4 - Receivables

The Judicial Expense Fund receivables of \$13,064 at December 31, 2004, are as follows:

| | <u>Total</u> | <u>Judicial Expense Fund</u> | <u>Child Support Fund</u> | <u>Misdemeanor Probation Fund</u> |
|--------------------------|------------------|--------------------------------------|-----------------------------------|---|
| Criminal and Civil Costs | <u>\$ 13,064</u> | <u>\$ 10,955</u> | <u>\$ 2,109</u> | <u>\$ -</u> |

Note 5 - Litigation and Claims

There is no litigation pending against the Judicial Expense Fund at December 31, 2004.

Note 6 - Health and Life Insurance Benefits

The Judicial Expense Fund provides health care and life insurance benefits for its employees. Substantially all of the Judicial Expense Fund employees are covered by the State Employees Benefit Program. During the year ended December 31, 2004, the Expense Fund paid \$7,178 for those benefits and the child support paid \$15,779 for a total of \$22,957.

Note 7- Pension and Compensated Absences

The 37th Judicial District Court does not participate in a retirement system, or in an individual retirement account. There are only four employees and they participate in social security and Medicare by contributing 6.2 percent and 1.45 percent, respectively. The court does not have a policy for its four employees' annual vacation and sick leave.

COMPLIANCE REPORTING

CAMERON, HINES & HARTT

(A Professional Accounting Corporation)

Certified Public Accountants

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Judge Don C. Burns
Thirty-Seventh Judicial District Court
Judicial Expense Fund
Caldwell Parish

We have audited the financial statements of the Thirty-Seventh Judicial District Court, Judicial Expense Fund and a component unit of the Caldwell Parish Police Jury as of and for the year ended December 31, 2004, and have issued our report thereon dated March 23, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Thirty-Seventh Judicial District Court, Judicial Expense Fund's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Thirty-Seventh Judicial District Court, Judicial Expense Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management of the Thirty-Seventh Judicial District Court, Judicial Expense Fund and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Cameron, Hines & Hartt (APAC)

West Monroe, Louisiana
March 23, 2005

THIRTY-SEVENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2004

We have audited the component unit financial statements of Thirty-Seventh Judicial District Court, Judicial Expense Fund as of and for the year ended December 31, 2004, and have issued our report thereon dated March 23, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2004, resulted in an unqualified opinion.

Section I - Summary of Auditors' Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ____ yes X no Reportable Conditions ____ yes X no

Compliance

Compliance Material to Financial Statements ____ yes X no

B. Federal Awards – N/A

Internal Control

Material Weaknesses ____ yes ____ no Reportable Conditions ____ yes ____ no

Type of Opinion on Compliance ____ Unqualified ____ Qualified
For Major Programs ____ Disclaimer ____ Adverse

Are their findings required to be reported in accordance with Circular A-133,
Section .510(a)?

C. Identification of Major Programs: N/A

| CFDA Number(s) | Name of Federal Program (or cluster) |
|----------------|--------------------------------------|
|----------------|--------------------------------------|

Dollar threshold used to distinguish between Type A and Type B Programs \$ N/A

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133? N/A

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs – N/A

THIRTY-SEVENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2004

Section I - Internal Control and Compliance Material to the Financial Statements

No findings were reported under this section.

Section II - Internal Control and Compliance Material to Federal Awards

This section is not applicable for this entity.

Section III - Management Letter

No management letter was issued.

THIRTY-SEVENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2004

Section I- Internal Control and Compliance Material to the Financial Statements

No findings were reported under this section.

Section II- Internal Control and Compliance Material to Federal Awards

This section is not applicable for this entity.

Section III- Management Letter

No management letter was issued.